

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Water Advisory Branch

RESOLUTION NO. W-4310  
January 9, 2002

**R E S O L U T I O N**

**(RES. W-4310), BAKMAN WATER COMPANY (BWC). ORDER  
AUTHORIZING AN INCREASE IN RATES PRODUCING  
ADDITIONAL ANNUAL REVENUES OF \$66,913 OR 9.31%.**

**SUMMARY**

By Draft Advice Letter, accepted on November 8, 2000, BWC seeks an increase in rates of \$117,132 or 14.8% for water service to recover increased operating expenses and provide an adequate rate of return on its capital investment. So far this Commission has granted an interim rate increase of \$25,769 or 3.72% in 2000 pursuant to Res. W-4262, dated April 19, 2001, and a Consumer Price Index (CPI) increase of \$24,450 or 3.40% in 2001 pursuant to Res. W-4262. This resolution grants an increase in gross annual revenues of \$66,913 or 9.31% for Test Year 2000, which constitutes the remainder of the requested increase. This increase will provide no rate of return on a negative rate base in the test year.

**BACKGROUND**

BWC requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$117,132 or 14.8% in 2000. BWC's request shows 2000 gross revenue of \$792,745 at present rates increasing to \$910,071 at proposed rates to produce a rate of return on rate base of 10.58%. BWC also requested a 20% operating ratio, which would have produced an even greater revenue requirement. As will be explained later, the operating ratio method is not appropriate in this instance. BWC estimates that it serves approximately 1,754 flat rate customers and 53 metered customers in test year 2000.

The present rates became effective on April 24, 2001, pursuant to an interim rate increase of \$25,769 or 3.72% and a Consumer Price Index increase of \$24,450 or 3.4%. The last general rate increase became effective on July 6, 1993, pursuant to

Res. No. W-3785, which authorized a general rate increase of \$186,677 or 31.5% and a rate of return of 11.28%.

## **DISCUSSION**

The Water Division's Water Advisory Branch (Branch) made an independent analysis of BWC's summary of earnings and issued its report in March, 2001. Appendix A shows BWC's and the Branch's estimates of the summary of earnings at present, requested, and recommended rates. Appendix A also shows differences between BWC's and the Branch's estimates in operating expenses and rate base. BWC was informed of the Branch's differing views of expenses and rate base and initially did not agree with most of the differences. At a July, 2001 meeting with BWC, Branch agreed to review more recent expense data provided by the utility. Review of the information provided by the utility resulted in the Branch adjusting its estimates of office salaries, pump lot rent and purchased power. With these adjustments, BWC agrees with the estimates in Appendix A with the exception of contributions in rate base and net revenue.

In 1993, BWC collected a judgment in the amount of \$300,000 from Gallo Wineries as the result of a water contamination suit filed by BWC. In Res. No. W-3785, dated June 23, 1993, \$225,000 was credited to Contributions-In-Aid-Of-Construction. On June 8, 1995, BWC received another judgment of \$682,495 from Shell Oil in settlement of a dispute regarding water supply contamination. Although Res. No. W-3785, dated June 23, 1993, a final decision as a matter of law, orders BWC to treat \$225,000 of the \$300,000 judgment from Gallo as contributed plant, utility records accompanying the current advice letter do not reflect that treatment.<sup>1</sup> BWC and Branch also disagree about the proper treatment of the 1995 settlement of the water quality lawsuit. Branch concludes that the lawsuit was fully financed by ratepayers. For reasons that apparently support the position that ratepayers assumed a significant share, if not, the entire

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<sup>1</sup> According to Res. No. W-3785, at page 2, after disagreeing with the Branch's proposed treatment of revenues, expenses and rate base, the utility and Branch resolved the differences. "The resultant compromise agreement that came from that meeting is the Summary of Earnings, presented in Appendix A of this resolution." Appendix A shows rate base as reduced by \$225,000 which was shown as Contributions-In-Aid -Of-Construction.

risk of loss of the lawsuit, Branch concludes that the treatment of the Shell settlement should mirror that of the Gallo settlement. Accordingly, consistent with the treatment of the Gallo lawsuit contained in Res. No. W-3785, Branch also credits the 1995 settlement award from Shell Oil to Contributions. As a result of the increase in Contributions, the Rate Base is negative. BWC disagrees and apparently considers the settlement award, in its entirety, to be the property of BWC shareholders. Therefore, BWC does not reflect the judgments in the two above mentioned lawsuits which accounts for the difference between the Branch and BWC estimates of Contributions-In Aid-Of-Construction and Rate Base shown in Appendix A.

Because resolution of the Branch/BWC dispute over treatment of the Shell settlement requires an evidentiary hearing to inform the Commission of the relevant facts, Branch recommends that BWC file a formal application if it wishes to pursue its position. Branch further recommends that, if BWC chooses to file an application on this issue, that it be required to do so within six months from the date of this resolution, if said date is not reasonably extended for cause by the Executive Director. BWC's failure to timely file such an application should be deemed waiver and acceptance by BWC of Appendix A to this resolution. Because this is a general rate case resolution, if BWC chooses to pursue its dispute of the Contributions and Rate Base calculations, Branch further recommends that rates as established in this resolution be made subject to refund commencing with the date of the BWC application to allow for proper adjustment dating back to the application date should the Commission determine that an adjustment in the Contributions/Rate Base categories of Appendix A is appropriate. That would mean that if the Commission orders adjustments in the Contributions and Rate Base categories, the company will realize the financial benefit of those adjustments dating back to the date of their application.

The net revenue issue relates to the difference in Contribution-In-Aid-Of-Construction estimates. Because of the Branch's much higher estimate of Contributions-In-Aid-Of-Construction, its estimate of Rate Base is negative. The Operating Ratio method of setting rates was designed so that small water utilities with low rate base could receive a return based on the level of expense. BWC has a negative rate base because it received major cash infusions from

lawsuit proceeds.<sup>2</sup> Therefore, the operating ratio method would not be

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<sup>2</sup> The proceeds of the lawsuits are treated as Contributions- in-Aid-of- Construction, an item in the rate base calculation that is deducted from Utility's Plant in Service. In this case, the deduction results in a negative rate base.

appropriate since it would defeat the purpose of the benefit customers should receive as a result of the lawsuit awards. The Branch, therefore, recommends that the utility be allowed zero return due to the negative rate base.

Subsequent to BWC filing for this general rate increase, PG&E was granted a rate surcharge of \$0.03 per kilowatt-hour due to the recent increase in wholesale electric costs. To offset the increase in electric rates, Branch determined that BWC would be entitled to an additional \$103,347 above and beyond the revenue already allowed in the Interim Increase Res. W-4262. Normally, general rate case expenses are updated to include the latest offsettable expenses, such as purchased power, but because the total increase allowable in this resolution cannot exceed the amount noticed to customers in the rate increase request filed, only \$53,083 of the \$103,347 power cost offset can be recovered by the utility at this time. Branch recommends that BWC file immediately, by advice letter, requesting a rate increase for the remaining \$50,264 power offset costs.

Since operating expenses have been found to be \$785,863, the Branch has set the revenue requirement for Test Year 2000 at \$785,863. Therefore, the rate increase recommended by the Branch in this resolution is \$66,913 or 9.31%.

BWC files Annual Reports regularly and there are no other outstanding Commission orders.

The utility's current rate structure consists of: Schedules Nos. 1, General Metered Service; 2, General Flat Rate Service; 4, Private Fire Protection Service; and 5, Public Fire Protection Service. Branch recommends that the current rates in all the schedules be increased by the system average increase of 9.31%. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

At the Branch's recommended rates shown in Appendix B, the bill for a typical monthly flat rate residential customer would increase from \$14.98 to \$16.37, or 9.3%. The typical monthly bill for a 3/4-inch metered customer using 1,000 cubic-feet of water would increase from \$11.01 to \$12.03, or 9.3%. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

### **NOTICE AND PUBLIC MEETING**

A notice of the proposed rate increase was mailed to each customer on November 17, 2000. The Branch received no letters protesting the rate increase. The Consumer Affairs Branch has received no complaints over the last four years.

A public meeting was held at the Sunnyside Racquet Club, 5707 E. Balch Ave., Fresno, CA, on Wednesday, December 13, 2000. Branch explained Commission rate setting procedures, and Mr. Bakman explained the need for the rate increase. Only one customer attended the public meeting and asked questions about his multiple connections and multiple service charges. BWC promised to look into this situation and will attempt to satisfy this one customer's problems.

### **FINDINGS**

1. The Branch's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
2. The rates proposed by the Branch (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used in preparation of this report are reasonable and should be adopted.
4. The rate increase proposed by the Branch is justified and the resulting rates are just and reasonable.

### **THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for Bakman Water Company to file an advice letter incorporating the summary of earnings and the revised schedules attached to this resolution as Appendices A and B, respectively, and concurrently cancel its presently effective rate schedules: 1, General Metered Service; 2, General Flat Rate Service; 4, Private Fire Protection Service; and 5, Public Fire Protection Service. Its filing shall comply with General Order 96-A. The effective date of the revised schedules shall be five days after the date of its filing.

2. If BWC chooses to file an application to develop a record to support adjustment of the Contributions-In-Aid-Of-Construction and the Rate Base categories as adopted here in Appendix A, it must do so within six months from the date of this resolution unless that date is reasonably extended for cause by order of the Executive Director. BWC's failure to timely file such an application shall be deemed a waiver of this option and shall reflect BWC's acceptance of Appendix A to this resolution. If BWC does file such an application, commencing with the date of said application, the rates authorized herein shall be deemed subject to refund only with respect to a Commission order adjusting this resolution's Appendix A in the categories of Rate Base, Contributions-In-Aid-Of-Construction, Net Revenue and the additions, as appropriate, of a Rate of Return.

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on January 9, 2002; the following Commissioners voting favorably thereon:

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WESLEY M. FRANKLIN  
Executive Director

LORETTA M. LYNCH  
President

HENRY M. DUQUE  
RICHARD A. BILAS  
CARL W. WOOD  
GEOFFREY F. BROWN  
Commissioners





APPENDIX A  
Bakman Water Company  
**SUMMARY OF EARNINGS**  
Test Year 2000

	Utility Estimated		Branch Estimated		Branch
	Present Rates	Proposed Rates	Present Rates	Proposed Rates	Recommended Rates
<b><u>Operating Revenues</u></b>					
Flat Rate	\$696,311	\$799,365	\$615,680	\$681,451	\$672,981
Metered	46,199	53,036	52,510	58,116	57,398
Private Fire Protection	45,789	52,566	40,300	44,622	44,051
Public Fire	4,446	5,104	4,610	5,104	5,039
Other	0	0	5,850	6,479	6,394
Total Revenue	\$792,745	\$910,071	718,950	795,772	\$785,863
<b><u>Operating Expenses:</u></b>					
Purchased Power	\$170,295	\$170,295	198,323	198,323	198,323
Employee Labor	65,080	65,080	65,080	65,080	65,080
Materials	12,775	12,775	12,450	12,450	12,450
Contract Work	11,536	11,536	11,240	11,240	11,240
Transportation	40,302	40,302	39,440	39,440	39,440
Other Plant Maintenance	19,782	19,782	19,550	19,550	19,550
Office Salaries	81,360	81,360	60,000	60,000	60,000
Management Salaries	89,160	89,160	89,160	89,160	89,160
Empl. Pension & Benefits	36,322	36,322	33,810	33,810	33,810
Uncollectibles	500	500	500	500	500
Off. Serv. & Rent	68,520	68,520	68,520	68,520	68,520
Off. Supplies & Expenses	41,973	41,973	41,970	41,970	41,970
Professional Services	16,513	16,513	16,220	16,220	16,200
Insurance	27,025	27,025	30,110	30,110	30,110
General Expenses	17,891	17,891	16,920	16,920	16,920
Reg. Comm. Expenses	16,690	16,690	5,400	5,400	5,400
Subtotal	\$715,214	\$715,214	\$708,693	\$708,693	\$708,693
Depreciation Expense	45,833	45,833	45,760	45,760	45,760
Non-Income Taxes	28,591	28,591	30,630	30,630	30,630
Income Taxes	<u>800</u>	<u>24,219</u>	<u>800</u>	<u>2,448</u>	<u>800</u>
Total Deductions	\$790,948	\$814,367	785,883	787,531	785,863
Net Revenue	1,797	95,704	-66,933	8,241	0
<b><u>Rate Base</u></b>					
Average Plant	2,762,855	2,762,855	2,762,860	2,762,860	2,762,860
Average Depr. Reserve	1,076,834	1,076,834	1,076,830	1,076,830	1,076,830
Net Plant	1,686,021	1,686,021	1,686,030	1,686,030	1,686,030
Less: Contributions	774,671	774,671	1,682,450	1,682,450	1,682,450
Plus: Working Cash	7,436	7,436	0	0	0
Accum. Defer. Inc. Tax	14,530	14,530	14,530	14,530	14,530
Rate Base	904,256	904,256	(10,950)	(10,950)	(10,950)
Rate of Return	0.20%	10.58%	-	-	-

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BWC/DR AL/ABJ/DON/RAJ:jlj

January 9, 2002

APPENDIX B  
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Bakman Water Company

Schedule No. 1

**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Fowler Avenue, located approximately 1-1/2 miles east of Fresno, and vicinity, Fresno County.

**RATES**

Quantity Rate:

All water, per 100 cu. ft.....\$0.553 (I)

	<u>Per Meter</u> <u>Per Month</u>	<u>SDWBA</u> <u>Surcharge</u>
Service Charge:		
For 5/8 x 3/4-inch meter.....	\$ 6.01 (I)	\$ 0.49
For 3/4-inch meter.....	6.50	0.74
For 1-inch meter.....	8.64	1.24
For 1-1/2-inch meter.....	12.84	2.47
For 2-inch meter.....	17.27	3.95
For 3-inch meter.....	34.49	7.41
For 4-inch meter.....	48.04	12.35
For 6-inch meter.....	80.89	24.70
For 8-inch meter.....	118.38	39.52
For 10-inch meter.....	144.18 (I)	56.81

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

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Bakman Water Company

Schedule No. 1  
(continued)

**METERED SERVICE**

**SPECIAL CONDITIONS**

(L)

1. The established billing cycle for General Metered Service is every two months. |
2. The SDWBA (Safe Drinking Water Bond Act) surcharge is in addition to the water bill. This surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California SDWBA loan authorized by Decision 91-03-065. |
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (L) |

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Bakman Water Company

Schedule No. 2

**GENERAL FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to all flat rate water service.

**TERRITORY**

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Fowler Avenue, located approximately 1-1/2 miles east of Fresno, and vicinity, Fresno County.

**RATES**

		Per Service Connection	
		Per Month	
	Connection Charge		SDWBA Surcharge
1. For each single-family residential unit, including premises not exceeding 14,000 sq.ft. in area.....	\$16.37	(I)	\$ 1.24
2. For a multiple unit residential unit, including two units and premises.....	23.12		1.48
a. For each additional unit.....	11.55		0.74
3. For each business establishment with one toilet and wash basin and served from a ¾-inch service connection.....	10.11		0.74
4. For each business establishment served from a 1-inch service connection.....	32.62		1.24
5. For a 2-inch service connection to Raintree Nursing Home.....	72.21		3.95
6. For a 4-inch service connection to Easterby School No. 2 (Turner School).....	202.80	(I)	12.35

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Bakman Water Company

Schedule No. 2  
(continued)

**GENERAL FLAT RATE SERVICE**

**SPECIAL CONDITIONS**

1. The above flat rates apply to service connections not larger than one-inch in diameter, except as noted. (L)  
|
2. All service not covered by the above classification shall be furnished only on a metered basis. (L)  
|
3. For service covered by the above classifications, if the customer so elects, a meter shall be installed at customer's expense and service provided under Schedule No. 1, General Metered Service, effective as of the first day of the next calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
4. The established billing cycle for residential flat rate service is every two months.
5. The SDWBA (Safe Drinking Water Bond Act) surcharge is in addition to the water bill. This surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California SDWBA loan authorized by Decision 91-03-065.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

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Bakman Water Company

Schedule No. 4

**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY**

Applicable to all water service furnished to privately-owned fire protection systems.

**TERRITORY**

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Fowler Avenue, located approximately 1-1/2 miles east of Fresno, and vicinity, Fresno County.

**RATES**

Per Month

For each inch of diameter of service connection ..... \$3.57 (I)

**SPECIAL CONDITIONS**

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall not be more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

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Bakman Water Company

Schedule No. 4  
(continued)

**PRIVATE FIRE PROTECTION SERVICE**

**SPECIAL CONDITIONS** (continued)

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, and installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage, or waste of water and with the cost paid by the applicant. Such payment shall not be subject to refund. (L)
5. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system. (L)



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Bakman Water Company

Schedule No. 5

**PUBLIC FIRE PROTECTION SERVICE**

**APPLICABILITY**

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts, and other political subdivisions of the State.

**TERRITORY**

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Fowler Avenue, located approximately 1-1/2 miles east of Fresno, and vicinity, Fresno County.

**RATE**

Per Month

For each hydrant ..... \$5.56 (I)

**SPECIAL CONDITIONS**

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rate under Schedule No. 1, General Metered Service.
2. Relocation of any fire hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public utility. Such authorization shall designate the specific location at which each is to be installed.
4. The utility shall supply only such water at such pressure as may be available from time to time as a result of the normal operation of the system.

**(END OF APPENDIX B)**

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Bakman Water Company

Schedule No. 1

**GENERAL METERED SERVICE**

**COMPARISON OF RATES**

A comparison of the present and Branch's recommended rates is shown below:\*

**METERED SERVICE**

	<u>Per Meter Per Year</u>		<u>Percent Increase</u>
	<u>Present Rates</u>	<u>Recommended Rates</u>	
Quantity Rates:			
All water, per 100 cu.ft.....	\$ 0.506	\$ 0.553	9.3%
Service Charge:			
For 5/8 x 3/4-inch meter.....	\$ 5.50	\$ 6.01	9.3%
For 3/4-inch meter.....	5.95	6.50	9.2
For 1-inch meter.....	7.90	8.64	9.4
For 1-1/2-inch meter.....	11.75	12.84	9.3
For 2-inch meter.....	15.80	17.27	9.3
For 3-inch meter.....	31.55	34.49	9.3
For 4-inch meter.....	43.95	48.04	9.3
For 6-inch meter.....	74.00	80.89	9.3
For 8-inch meter.....	108.30	118.38	9.3
For 10-inch meter.....	131.90	144.18	9.3

\*Does not include SDWBA surcharge, which remains unchanged.

APPENDIX C

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Bakman Water Company

Schedule No. 2

**GENERAL FLAT RATE SERVICE**

**COMPARISON OF RATES**

A comparison of BWC's present rates and the Branch's recommended rates for flat-rate service is listed below:\*

	<u>Per Meter Per Month</u>		<u>Percent</u>
	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
1. For a single-family residential unit including premises not exceeding 14,000 sq. ft. in area.....	\$ 14.98	\$ 16.37	9.3%
2. For a multiple unit residential unit, including two units and premises.....	21.15	23.12	9.3
a. For each additional unit.....	10.57	11.55	9.3
3. For each business establishment with one toilet and wash basin and served from a ¾-inch service connection.....	9.25	10.11	9.3
4. For each business establishment served from a 1-inch service connection.....	29.84	32.62	9.3
5. For a 2-inch service connection to Raintree Nursing Home.....	66.06	72.21	9.3
6. For a 4-inch service connection to Easterby School No. 2 (Turner School).....	185.53	202.80	9.3

\*Does not include SDWBA surcharge, which remains unchanged.

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Bakman Water Company

**COMPARISON OF RATES**

Bi-monthly bill comparisons (excluding the SDWBA surcharge) for various metered customers are shown below:

3/4-Inch Meter

Usage 100 cf/mo.	Present Bills	Proposed Bills	Amount of Increase	Percent Increase
0	\$11.90	\$13.00	\$ 1.10	9.3
10	22.02	24.06	2.04	9.3
20	32.14	35.12	2.98	9.3
30	42.26	46.18	3.92	9.3
50	62.50	68.30	5.80	9.3

2-Inch Meter

Usage 100 cf/mo.	Present Bills	Proposed Bills	Amount of Increase	Percent Increase
0	\$ 31.60	\$ 34.54	\$ 2.94	9.3
25	56.90	62.19	5.29	9.3
50	82.20	89.84	7.64	9.3
75	107.50	117.49	9.99	9.3
100	132.80	145.14	12.34	9.3

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Bakman Water Company

**COMPARISON OF RATES**

Bi-monthly bill comparisons (excluding the SDWBA Surcharge) for various flat-rate customers are shown below:

Residential Customers with a 5/8 x 3/4-Inch Meter

Present <u>Rates</u>	Proposed <u>Rates</u>	Amount of <u>Increase</u>	Percent <u>Increase</u>
\$ 29.96	\$ 32.74	\$ 2.78	9.3

Business Establishment Served with a 3/4-Inch Meter

Present <u>Rates</u>	Proposed <u>Rates</u>	Amount of <u>Increase</u>	Percent <u>Increase</u>
\$ 18.50	\$ 20.22	\$ 1.72	9.3

**(END OF APPENDIX C)**

APPENDIX D  
Page 1

Bakman Water Company

**ADOPTED QUANTITIES**

Test Year 2000

Expenses

1.	Vendor	PG&E
	Schedule	A1, A1P, A6P, and A10
	Effective Date	January 1, 2001
	Winter Energy Charge	
	Avg. Rate per kWh	\$0.12097
	Avg. Power Consumption in kWh	516,632
	Winter Charge	\$ 62,495
	Summer Energy Charge	
	Avg. Rate per kWh	\$0.15071
	Avg. Power Consumption in kWh	\$901,263
	Summer Charge	\$135,828
	Total Purchased Power	\$198,323
2.	Purchased Water	None
3.	Ad Valorem Taxes	\$ 12,510
	Composite Tax Rate	1.50841%
	Assessed Value	\$829,350
4.	Water Testing Expense	\$ 3,334

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Bakman Water Company

**ADOPTED INCOME TAX CALCULATIONS**

Test Year 2000

<u>Line No.</u>	<u>Item</u>	<u>State Tax</u>	<u>Federal Tax</u>
1.	Operating Revenues	\$785,863	\$785,863
2.	Expenses	708,693	708,693
3.	Taxes Other Than Income	30,630	30,630
4.	Depreciation	45,760	45,760
5.	State Taxable Income	800	
6.	State Tax (@9.3%)	800	800
7.	Federal Taxable Income		0
8.	Federal Income Tax (@15%)		0
9.	TOTAL INCOME TAX	800	

**(END OF APPENDIX D)**